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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

SVI, INC., a Nevada corporation, Plaintiff, v. SUPREME CORPORATION, a Texas Corporation, and HOMETOWN TROLLEY (a/k/a DOUBLE K., INC.), a Wisconsin Corporation, MR. DUSTIN PENCE, an individual resident of Wisconsin, Defendants.	CASE NO. **COMPLAINT**

Plaintiff, SVI a/k/a Specialty Vehicles, Inc., a Nevada corporation ("Specialty Corp"), pursuant to claims for intentional interference with contractual relations, intentional interference with prospective economic advantages, business defamation per se, breach of contract, breach of the duty of good faith and fair dealing, declaratory and equitable relief, etc., alleges based on information and belief as follows:

JURISDICTION & PARTIES

1. This Court has subject matter jurisdiction based on diversity of citizenship pursuant to 28 U.S.C. § 1332 as the Plaintiff and Defendants have complete diversity of citizenship and the amount in controversy exceeds $75,000.00

2. The Court has personal jurisdiction over each of the parties based on their: minimum contacts with Nevada; purposeful activities directed to Nevada via Plaintiff Specialty Corp, a resident of Nevada; and conduct giving rise to damages occurring in Nevada. The Court's exercise of personal jurisdiction over each defendant is reasonable and fair.

3. Plaintiff Specialty Corp is a Nevada corporation doing business in Clark County, Nevada. Specialty Corp designs and distributes exclusive, unique, high-quality, trolley cars.

4. Defendant Supreme Corporation d/b/a Supreme Trolley ("Sup-Trolley") is a Texas Corporation with its headquarters in Goshen, Indiana, which has provided a manufacturing service for Specialty Corp's unique and exclusive designs and distributorship of trolley cars since 1995.

5. The Court has both general and specific personal jurisdiction over Sup-Trolley because:

a. Sup-Trolley has purposefully availed itself to Nevada and receives significant cash inflow from Nevada through Sup-Trolley's activities with Specialty Corp, a resident of Nevada;

b. Sup-Trolley purposefully directs substantial Nevada-related activities to, and consummates transactions with, Specialty Corp in Nevada;

c. Specialty Corp's claims relate to Sup-Trolley's Nevada-related activities; and

d. The Court's exercise of jurisdiction comports with the principles of fair play and substantial justice.

6. Defendant Double K, Inc. d/b/a Hometown Trolley ("Double-K") is a Wisconsin Corporation, and is a direct competitor of Specialty Corp as a distributor of trolley cars in a concentrated market.

7. Double-K has wrongfully acquired the right from Sup-Trolley to take over the manufacture of Specialty's trolleys improperly gaining access to Specialty Corp's designs, equipment, and trade secrets:

8. The Court has both general and specific personal jurisdiction over Double-K because:

a. Double-K has purposefully availed itself of the privileges of conducting activities in Nevada by acquiring a disputed right to substantial cash proceeds and future business from Specialty Corp in Nevada;

b. Double-K has purposefully directed its activities towards Specialty Corp in Nevada;

c. Specialty Corp's claims relate to Double-K's Nevada-related activities;

d. The Court's exercise of jurisdiction over Double-K comports with the principles of fair play and substantial justice;

9. Defendant Mr. Dustin Pence is an individual resident of Wisconsin, and an officer, employee, or agent for Defendant Double-K.

10. Mr. Pence has engaged in intentional business disparagement against Specialty Corp by making direct contact with Specialty Corp's customers/third-persons, through unprivileged publications, and intending to harm Specialty Corp in Nevada by telling the third-persons that Specialty Corp cannot and will not fulfill existing or future orders for trolleys, resulting in special damages to Specialty Corp.

11. Mr. Pence, both individually and in collusion with Defendants, has intentionally: interfered with Specialty Corp's existing contractual relations; and interfered with Specialty Corp's prospective economic advantages, causing damages to Specialty Corp far in excess of the jurisdictional minimum of $75,000.00.

12. The Court has both general and specific personal jurisdiction over Mr. Pence because:

a. Mr. Pence has purposefully availed himself of the privileges of conducting activities in Nevada by directing his wrongful activities to Specialty Corp in Nevada;

b. Mr. Pence knowingly and purposefully directed his activities to cause harm to Specialty Corp in Nevada.

c. Specialty Corp's claims relate to Mr. Pence's Nevada-related activities.

d. The Court's exercise of jurisdiction over Mr. Pence comports with the principles of fair play and substantial justice;

13. The amount in controversy concerns the value of existing Trolley manufacturing equipment (in excess of $75,000.00), intellectual property, existing contractual relationships, and prospective economic advantages, at a minimum, such that the amount in controversy satisfies § 1332 for diversity jurisdiction.

14. This action arises primarily from a business relationship that began 1995 between Specialty and Sup-Trolley, especially Sub-Trolley's former owners, officers, and directors.

VENUE

15. Venue is proper in this judicial district under 28 U.S.C. §1391(c) and 28 U.S.C. §1391(b)(3), because Defendants are subject to personal jurisdiction in this judicial district and thus are deemed to reside in this judicial district.

16. Venue is proper in this judicial district under 28 U.S.C. §1391(b)(2) because a substantial part of the damages giving rise to the claims alleged herein are assessed and measured in this judicial district.

17. Venue is proper in this judicial district pursuant 28 U.S.C. § 1391(c) because Plaintiff is incorporated in Nevada and maintains its principal place of business within the state conducting substantial business activities within this district.

GENERAL ALLEGATIONS

18. Since 1995, Specialty Corp has invested substantial time and money developing intellectual and tangible property as the Supreme Trolley brand, the trolley testing, and the propriety trolley-manufacturing equipment incorporating Specialty Corp's proprietary designs.

19. Specialty Corp retained Sup-Trolley to perform the manufacturing of Specialty Corp's designs for Specialty Corp's customers, including major government entities.

20. Since 1995, Sup-Trolley has accepted and retained the benefit of Specialty Corp's investment of time and money to develop Supreme Trolley brand, the trolley testing, and the propriety trolley-manufacturing equipment incorporating Specialty Corp's proprietary designs.

21. Since approximately 2014, Sup-Trolley has endured regime changes and the new officers have developed a relationship with Specialty Corp's direct competitor, Defendant Double-K.

22. In May 2016, Sup-Trolley announced that Sup-Trolley has agreed to sell of Sup-Trolley's trolley-manufacturing assets and information, including Specialty Corp's assets and information, to Specialty Corp's direct competitor, Double-K.

23. Double-K has been and is a direct, horizontal, competitor of Specialty Corp. Double-K's planned acquisition of Sup-Trolley's trolley business constitutes a vertical integration and

expansion of Double-K's existing manufacturing business (and eliminates a competitor in a highly concentrated market).

24. Sup-Trolley knows that Specialty Corp is relying on Sup-Trolley to fulfill existing and future customer orders worth more than $25 million, including all activities required for same (such as promised delivery dates, inspections, documentation, scheduling, etc.).

25. On approximately May 11, 2016, Sup-Trolley undertook to confiscate and sell the Sup-Trolley brand, testing, and equipment to Specialty Corp's direct competitor, Defendant Double-K, without consulting Specialty Corp and with full knowledge that such collusion would serve to harm Specialty Corp.

26. It would be unfair to permit Sup-Trolley to retain the benefit of Specialty Corp's investment of time and money in the Sup-Trolley brand, testing, and equipment; or to permit Double-K to control Specialty Corp's business.

27. Specialty Corp has been and will be damaged by Sup-Trolley's unfair retention of the benefits and value of the Sup-Trolley brand, testing, and equipment.

28. Sup-Trolley's threatened sale of its trolley division to Specialty Corp's direct competitor Double-K, and potential affiliates/financiers of Double-K has damaged and will damage Specialty Corp.

29. Defendants have colluded in an attempt to combine for the purpose of unfairly eliminating or minimizing Double-K's competition in the relevant markets.

FIRST CAUSE OF ACTION

MISAPPROPRIATION OF TRADE SECRETS AGAINST EACH DEFENDANT

30. Plaintiff Specialty Corp incorporates each allegation above.

31. At all relevant times, Sup-Trolley knew that Double-K was and is a direct competitor of Specialty Corp in the market for trolley distributors.

32. Specialty Corp has invested time, money, research, and other valuable resources over many years to build up a body of information not generally known to or readily ascertainable by others. Such information has substantial and independent economic value.

33. Specialty Corp has made reasonable efforts to maintain the secrecy of this information, relying on Sup-Trolley's duty of good faith and fair dealing (at a minimum) as the manufacturer of Specialty Corp's trolleys.

34. The success of Specialty Corp's business is based, in substantial part, upon the confidential, proprietary information, and trade secrets developed and used by Specialty Corp, which is not disclosed to the general public or to Specialty Corp's competitors, especially Double-K and Mr. Pence.

35. Defendant Supreme knows that maintaining the confidentiality of Specialty Corp's information is critical to the success of Specialty Corp's business.

36. Supreme knew or should have known that Specialty Corp's confidential, proprietary, and trade secret information, including but not limited to its customer's orders, preferences, and other information, comprise materials that Defendants have recently traded, used, or accessed wrongfully.

37. Defendants knew that Specialty Corp deemed such information confidential and proprietary, and that such information constituted trade secrets of Specialty Corp.

38. Supreme purposefully acted in collusion with Double-K and Mr. Pence—known direct competitors of Specialty Corp—to give Double-K and Mr. Pence access to Specialty Corp's trade secret information.

39. Defendant Mr. Pence wrongfully obtained Specialty Corp's trade-secret information in collusion with co-defendants, and Mr. Pence used Specialty Corp's trade-secret information when communicating with an existing Specialty Corp customer.

40. Armed with Mr. Pence's newly obtained information about Specialty Corp's customers and contracts, Mr. Pence communicated with Specialty Corp's existing customer and wrongfully stated that Specialty could not fulfill existing or future trolley orders with the customer, but that Mr. Pence and Double-K could fulfill those existing and future trolley orders.

41. Supreme, Mr. Pence and Double-K engaged in these activities for the purpose of disparaging Specialty Corp and its business, as alleged further herein.

42. Defendants improperly and unlawfully traded on and accessed Specialty Corp's trade secrets and confidential and proprietary information without authorization.

43. Defendants have disclosed and/or improperly used Specialty Corp's trade secrets and confidential and proprietary information described to Defendants' own benefit.

44. As a result of Defendants' wrongful actions, Specialty Corp has suffered and will continue to suffer irreparable injury for which there is no adequate remedy at law.

45. Specialty Corp seeks injunctive relief precluding, enjoining, and restraining Defendants' use and dissemination of Specialty Corp's trade secret, and confidential and proprietary business information and assets.

46. As a direct and proximate result of Defendants' conduct set forth herein, Plaintiff has suffered monetary damages in an amount to be determined at trial.

47. In light of the recklessness and egregious conduct of Defendants, Specialty Corp is entitled to punitive damages in an amount to be determined at trial.

SECOND CAUSE OF ACTION

CIVIL CONSPIRACY/COLLUSION AGAINST EACH DEFENDANT

48. Plaintiff Specialty Corp incorporates each allegation above.

49. Defendants intended to combine in a concert of action to engage in a pattern of wrongful conduct for the purpose of harming Specialty Corp.

50. Defendants combined and engaged in a concert of action for the unlawful objective of harming Specialty Corp through Defendants' misappropriation of Specialty Corp's trade secrets and business assets.

51. Defendants, by way of their combined concert of action, actually engaged in a collusive scheme against Specialty Corp for the unlawful purpose of harming Specialty Corp.

52. Defendants, by way of their combined concert of action, engaged a collusive scheme against Specialty Corp to caused damage to Specialty Corp and its reputation.

53. Plaintiff Specialty Corp has suffered damages equal to the value of the Special Assets and foreseeable opportunity costs to its reputation and business relationships.

THIRD CAUSE OF ACTION

BUSINESS DISPARAGEMENT AGAINST MR. PENCE AND DOUBLE-K

54. Plaintiff Specialty Corp incorporates each allegation above.

55. On approximately May 12, 2016, Mr. Pence, acting individually and on behalf of Double-K, spoke to a Specialty Corp customer regarding the customer's desire to purchase trolleys.

56. Mr. Pence and Double-K had wrongfully obtained Specialty Corp's trade-secret information from Supreme as part of Supreme's wrongful "sale" of its trolley business to Double-K, which includes assets and trade secrets belonging to Specialty Corp.

57. Mr. Pence then wrongfully made statements to the Specialty Corp customer to undermine the customer's reasonable assurance of Specialty Corp's ability to fulfill orders for trolleys.

58. Mr. Pence's statements—conveying that Specialty Corp could not fulfill its promises—were false, disparaging, unprivileged and malicious.

59. Mr. Pence's statements have caused and will continue to cause special damages to Specialty Corp, such as lost business income, lost opportunities, and a misperception of increased risk.

FOURTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH CONTRACTUAL RELATIONSHIPS AGAINST DOUBLE-K

60. Plaintiff Specialty Corp incorporates each allegation above.

61. Double-K knew of, induced, and even encouraged Sup-Trolley to agree to undermine Sup-Trolley's valid and existing contractual relationship with Specialty Corp.

62. Double-K intentionally acted, intended, and designed its tactics to disrupt the contractual relationship between Specialty Corp and Sup-Trolley.

63. Double-K undoubtedly actually disrupted Specialty Corp's contractual relationship with Sup-Trolley, which resulted in and caused damages; and Specialty Corp has lost and will continue to lose the benefit of the bargain.

64. Specialty Corp suffered damages resulting from such reliance for which Plaintiffs are entitled to actual and punitive damages in excess of $1 million.

65. Plaintiff Specialty Corp has suffered damages equal to the value of the Specialty Corp's assets and foreseeable opportunity costs to its reputation and business relationships.

FIFTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH CONTRACTUAL RELATIONSHIPS

AGAINST MR. PENCE

66. Plaintiff Specialty Corp incorporates each allegation above.

67. Mr. Pence knew of Specialty Corp's existing contractual relationships with its customers.

68. Mr. Pence attempted to undermine Sup-Trolley's valid and existing contractual relationship with its customers.

69. Mr. Pence intentionally acted and designed his tactics to disrupt the contractual relationship between Specialty Corp and its customers.

70. Mr. Pence actually disrupted Specialty Corp's contractual relationship with its customers, which resulted in and caused damages.

SIXTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH CONTRACTUAL RELATIONSHIPS

AGAINST SUB-TROLLEY

71. Plaintiff Specialty Corp incorporates each allegation above.

72. Sup-Trolley knows of Specialty Corp's existing and potential contractual relationships with Specialty Corp's customers.

73. Sup-Trolley intentionally acted, intended, and designed its tactics to disrupt the contractual relationships between Specialty Corp and its customers.

74. Sup-Trolley actually disrupted Specialty Corp's contractual relationships with Specialty Corp's customers, which resulted in and caused damages and Specialty Corp, which has lost and will continue to lose the benefit of the bargain.

75. Specialty Corp suffered damages for which Specialty Corp is entitled to actual and punitive damages.

SEVENTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE

AGAINST DOUBLE-K

76. Plaintiff Specialty Corp incorporates each allegation above.

77. Double-K knew of, induced, and even encouraged Sup-trolley to undermine Specialty Corp's existing business relationships and prospective economic advantages in the market.

78. Double-K intentionally acted, intended, and designed its tactics to disrupt Specialty Corp's prospective economic advantages.

79. Double-K actually disrupted Specialty Corp's existing and prospective economic advantages causing damages; and, Specialty Corp has lost and will continue to lose its economic advantages.

80. Specialty Corp suffered damages for which Specialty Corp is entitled to actual and punitive damages in excess of $1 million.

81. Plaintiff Specialty Corp has suffered special, direct, and consequential damages as the costs or value of Specialty Corp's trolley-manufacturing assets, trade secrets, and damage to Specialty Corp's reputation and business relationships.

EIGHTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE

AGAINST MR. PENCE

82. Plaintiff Specialty Corp incorporates each allegation above.

83. Mr. Pence knew of Specialty Corp's existing business relationships/customers and prospective economic advantages in the market.

84. Mr. Pence acted intentionally to disrupt Specialty Corp's prospective economic advantages by making disparaging statements about Specialty Corp directly to its customers.

85. Mr. Pence actually disrupted Specialty Corp's existing and prospective economic advantages causing special, direct, and consequential damages to Specialty Corp.

86. Specialty Corp suffered damages for which Specialty Corp is entitled to actual and punitive damages in excess of $1 million.

NINTH CAUSE OF ACTION

TORTIOUS INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE AGAINST SUP-TROLLEY

87. Plaintiff Specialty Corp incorporates each allegation above.

88. Sup-Trolley knows of Specialty Corp's existing and potential contractual relationships with Specialty Corp's existing and potential customers.

89. Sup-Trolley intentionally acted to disrupt the contractual relationship between Specialty Corp and its customers by, in part, refusing to honor existing promises (e.g., bid proposals) Specialty Corp made to potential customers in reliance on promises and information received from Sup-Trolley, which Sup-Trolley knew it would not honor, and which Sub-Trolley knew would tortiously interfere with Specialty's Corp's prospective economic advantages.

90. Sub-Trolley intentionally interfered with Specialty Corp's prospective economic advantages by disclosing Specialty Corp's trade secrets to Specialty Corp's competitor, Double-K, and attempting to sell Specialty's assets and future trolley-manufacturing business to Specialty Corp's direct competitor.

91. Sup-Trolley actually disrupted Specialty Corp's prospective economic advantages, which resulted in and caused special, direct, and consequential damages to Specialty Corp.

92. Specialty Corp suffered damages for which Specialty Corp is entitled to actual and punitive damages.

TENTH CAUSE OF ACTION

UNJUST ENRICHMENT AGAINST SUP-TROLLEY

93. Plaintiff Specialty Corp incorporates each allegation above.

94. Sup-Trolley accepted and retained the benefit of Specialty Corp's investment of time and money to develop the Supreme Trolley brand, the testing, the propriety trolley-manufacturing equipment, and Specialty Corp's trade secret information.

95. It would be unfair to permit Sup-Trolley to retain the benefit of Specialty Corp's investment of time and money in the Sup-Trolley brand, testing, equipment, and information.

96. Specialty Corp has been and will be damaged by Sup-Trolley's unfair retention of the benefits and value of the Sup-Trolley brand, testing, and equipment.

ELEVENTH CAUSE OF ACTION

DECLARATORY RELIEF AGAINST SUP-TROLLEY

97. Plaintiff Specialty Corp incorporates each allegation above.

98. A justiciable controversy exists between Specialty Corp and Sup-Trolley, whose interests are adverse.

99. Since 1995, the parties have worked jointly towards supplying the trolley market with unique, high-quality, yet efficient, trolleys based on Specialty Corp's designs and decades of promotion of the products, branding, testing, and an accumulation of Specialty Corp's trade-secret information and manufacturing assets necessary for Specialty Corp's success in the market.

100. On approximately May 11, 2016, Sup-Trolley announced that Sup-Trolley has agreed to a sale of trolley manufacturing assets and information (including Specialty Corp's assets and information) to Specialty Corp's direct competitor, Double-K.

101. Specialty Corp has a legally protectable interest in the controversy.

102. The issues are ripe for judicial determination.

103. Specialty Corp is entitled to declaratory relief awarding Specialty Corp legal and equitable title in the Sup-Trolley trade mark ("Supreme Trolleys"), the Altoona testing, the Specialty manufacturing equipment; and, precluding Double-K from using or benefitting from Specialty Corp's proprietary information or assets.

TWELFTH CAUSE OF ACTION

BREACH OF CONTRACT AGAINST SUB-TROLLEY

104. Plaintiff Specialty Corp incorporates each allegation above.

105. Sub-Trolley understood all of the material terms of the parties' agreements since 1995—terms expressed in writing, through industry standards, through their course of dealings, and through their course of performance—and Sup-Trolley knew that Specialty Corp's valuable and propriety business information became, in part, the manufacturing equipment used to make the Specialty Corp trolleys.

106. Sup-Trolley knew that it had an obligation to protect Specialty Corp's proprietary information, trade secrets, and assets.

107. Sup-Trolley breached its contract with Specialty Corp by misappropriating and purporting to sell Specialty Corp's assets to Specialty Corp's direct competitor; and, by giving control over Specialty Corp's business to its direct competitor, Double-K.

108. Plaintiff Specialty Corp has suffered damages equal to, at a minimum, Specialty's benefit of the bargain, e.g., Specialty Corp's foreseeable damages, the value of Specialty's use of the assets, special damages, and opportunity-costs, at a minimum.

THIRTEENTH CAUSE OF ACTION

BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

AGAINST SUB-TROLLEY

109. Plaintiff Specialty Corp incorporates each allegation above.

110. The Parties' agreement imposes a duty of good faith and fair dealing, which Sup-Trolley breached by acting willfully in bad faith.

111. Sup-Trolley committed wrongful acts during the course of the parties' contractual relationship, which gives rise to both tort and contract remedies.

112. Sup-Trolley's wanton and willful violations of its duty of good faith justify damages for intentionally tortious conduct, such as punitive damages to deter Sup-Trolley and others from such bad faith.

113. Specialty Corp has also been damaged for the expenses of litigation fees and costs, and demands that Sup-Trolley Defendants reimburse Specialty Corp for all such expenses.

FOURTEENTH CAUSE OF ACTION

PROMISSORY ESTOPPEL AGAINST SUP-TROLLEY

114. Plaintiff Specialty Corp incorporates each allegation above.

115. Specialty Corp detrimentally relied on Sup-Trolley's promises to act in a professional good-faith manner, to guard Specialty Corp's propriety information from Specialty Corp's competitors, and to preserve the integrity of Specialty Corp's proprietary information and business assets.

116. Specialty Corp has conveyed valuable consideration, and made investments and commitments such that Sup-Trolley's promises should be binding.

117. As a result of Sup-Trolley's breach of its promises, Specialty Corp has been damaged by Specialty Corp's detrimental reliance on Sup-Trolley's promises.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff demands judgment against the Defendants as follows:

a. An Order permanently enjoining and restraining Defendants, their agents, servants, employees, representatives, and all persons acting in concert or participating with Defendants or any one of them, from using or disseminating Specialty Corp's trade secrets and confidential proprietary business information, trade secrets, and assets;

b. An Order preliminarily enjoining the sale of Sup-Trolley's so-called trolley business (assets and information) to Double-K;

c. An Order permanently enjoining Mr. Pence and Double K from making disparaging statements about Specialty Corp to anyone.

d. Awarding Plaintiff compensatory damages against Defendants, including interest thereon, in amount to be determined at trial;

e. Awarding Plaintiff punitive damages against Defendants in amount to be determined at trial;

f. Awarding Plaintiff its costs, legal expenses, and reasonable attorneys' fees incurred in connection with this action; and

g. Awarding Plaintiff such other and further relief as this Court shall deem just and proper.

DATED: May 13, 2016

WILSON ELSER MOSKOWITZ EDELMAN & DICKER LLP

BY: /s/ J. Scott Burris
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Attorneys for Plaintiff SVI, Inc.

CERTIFICATE OF SERVICE

Pursuant to FRCP 5(b), I certify that on this 16th day of May, 2016, I did cause a true copy of the foregoing document to be electronically transmitted to the Clerk of the Court using the CM/ECF system for filing.

BY /s/ Naomi E. Sudranski
An Employee of
WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP